



# Weekly Ag Update

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## INCLUDED IN THIS ISSUE - APRIL 10, 2006

Crop Weather ERS Onions

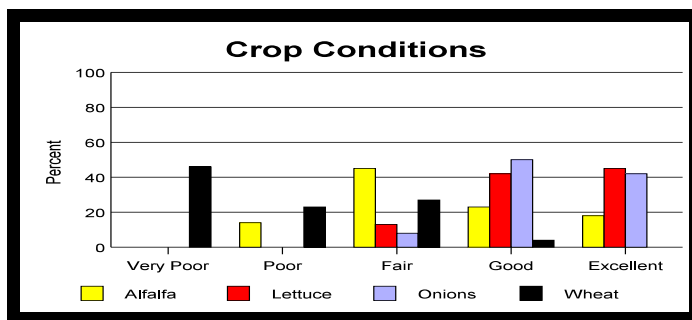
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## CROP SUMMARY FOR THE WEEK ENDING APRIL 9, 2006

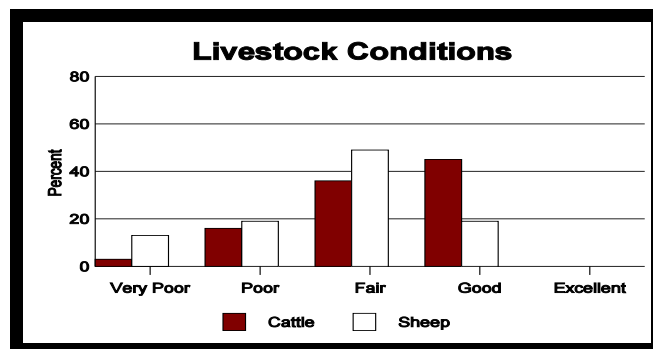
**NEW MEXICO:** There were 6.6 days suitable for field work. Some farmers spent the week cleaning irrigation ditches, while others began pre-irrigation. Farmers also started to cut and bale alfalfa, while others sprayed wheat and hay fields. Topsoil moisture was 62% very short, 29% short and 9% adequate. Continued drought and high winds affected soil moisture as planting season nears. Wind damage was 42% light, 12% moderate and 4% severe. Freeze damage was 7% light. Alfalfa was reported in poor to excellent condition. Wheat conditions worsened with 46% very poor, 23% poor, 27% fair and 4% good. Only 3% of wheat pastures were being grazed compared to 4% last week. Lettuce and onions were in fair to excellent condition. Chile was 89% planted. Cotton growers were waiting for soil temperatures to rise before planting. Ranchers were branding calves, supplementing feeding, and culling herds due to the lack of moisture. There were reports of hay becoming scarce with snake and loco weeds thriving in dry conditions. Cattle were listed as 3% very poor, 16% poor, 36% fair, 45% good. Sheep were 13% very poor, 19% poor, 49% fair, 19% good. Range and pasture conditions were 30% very poor, 27% poor, 30% fair, and 13% good.

## CROP PROGRESS PERCENTAGES WITH COMPARISONS

CROP PROGRESS		This Week	Last Week	Last Year	5-Year Average
CHILE	Planted	89	75	75	73

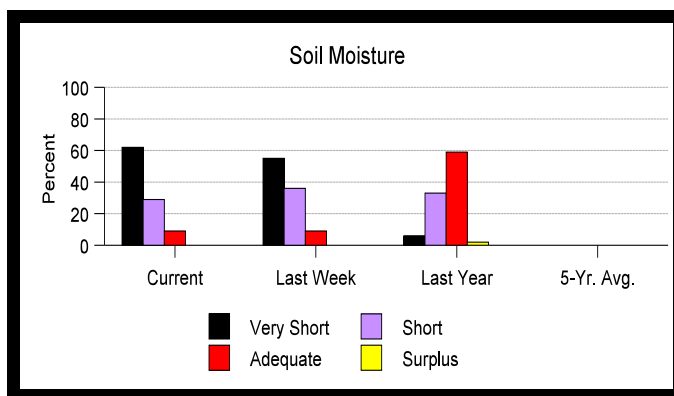


CROP AND LIVESTOCK CONDITION PERCENTAGES					
	Very Poor	Poor	Fair	Good	Excellent
Alfalfa	---	14	45	23	18
Lettuce	---	---	13	42	45
Onions	---	---	8	50	42
Wheat (All)	46	23	27	4	---
Cattle	3	16	36	45	---
Sheep	13	19	49	19	---
Range/Pasture	30	27	30	13	---



# SOIL MOISTURE PERCENTAGES

	Very Short	Short	Adequate	Surplus
Northwest	68	25	7	---
Northeast	79	17	4	---
Southwest	50	35	15	---
Southeast	39	45	16	---
State Current	62	29	9	---
State-Last Week	55	36	9	---
State-Last Year	6	33	59	2
State-5-Yr Avg.	N/A	N/A	N/A	N/A



## WEATHER SUMMARY

The first half of the week was windy in most areas as a storm system brushed through the state. The storm produced some spotty, mostly light precipitation around midweek. Red River (.39") measured the greatest amount of precipitation. Temperatures for the week were generally near normal in the east and a few degrees above normal in the west. Carlsbad hit 93 degrees on the 5th before a bit of a cool down.

### NEW MEXICO WEATHER CONDITIONS - APRIL 3 - 9, 2006

Station	Temperature			Precipitation				
	Mean	Maximum	Minimum	04/03 04/09	04/01 04/09	Normal Apr	01/01 04/09	Normal Jan-Apr
Farmington	54.1	79	33	0.04	0.58	0.51	1.69	2.48
Gallup	47.9	74	27	0.13	0.24	0.64	1.52	3.23
Capulin	44.4	75	13	0.05	0.05	1.01	0.76	2.86
Chama	42.9	67	19	0.25	0.57	1.27	2.92	6.61
Johnson Ranch	45.9	73	18	0.00	0.09	0.49	0.22	2.47
Las Vegas	50.4	75	26	0.01	0.01	0.83	0.13	2.54
Los Alamos	48.2	70	26	0.22	0.22	1.00	1.09	3.88
Raton	48.9	79	19	0.00	0.00	1.06	0.40	2.90
Red River	40.4	63	21	0.39	0.94	1.68	5.56	5.75
Santa Fe	51.5	75	30	0.01	0.03	0.81	0.47	2.87
Clayton	53.9	84	25	0.00	0.00	0.94	0.45	2.04
Clovis	57.5	83	32	0.00	0.00	0.81	1.48	2.30
Roy	54.4	78	27	0.00	0.00	0.82	0.11	2.14
Tucumcari	59.3	85	30	0.00	0.00	0.87	0.25	2.00
Grants	49.3	77	23	0.01	0.01	0.45	0.79	1.95
Quemado	47.0	72	23	0.03	0.03	0.60	1.14	2.95
Albuquerque	57.8	78	37	0.00	0.00	0.52	0.18	1.96
Carrizozo	55.4	79	33	0.00	0.00	0.36	0.45	2.10
Socorro	60.5	82	32	0.00	0.00	0.36	0.03	1.41
Gran Quivera	54.2	77	30	0.00	0.00	0.64	0.17	2.88
Moriarty	50.9	78	22	0.15	0.15	0.66	0.32	2.10
Ruidoso	49.2	73	25	0.17	0.17	0.63	1.28	4.24
Carlsbad	64.9	93	41	0.00	0.00	0.49	1.86	1.49
Roswell	59.9	84	34	0.00	0.00	0.65	0.05	1.99
Tatum	58.3	88	34	0.00	0.00	0.64	1.41	2.05
Alamogordo	63.9	84	44	0.00	0.00	0.26	0.40	1.93
Animas	61.2	85	38	0.00	0.00	0.20	0.38	1.86
Deming	61.3	85	33	0.00	0.00	0.18	0.58	1.54
Las Cruces	63.3	87	40	0.00	0.00	0.21	0.18	1.26
T or C	61.1	81	43	0.00	0.00	0.22	0.08	1.40

(T) Trace (-) No Report (\*) Correction

All reports based on preliminary data. Precipitation data corrected monthly from official observation forms.

**Cow-Calf Sector Outlook Depends on Spring Precipitation:**

Cow-calf producers continue to be the bright spot in the cattle-beef complex. Since December dry conditions have spread over most of the Southern and Central Plains, Southwest, and Corn Belt, extending almost to the Mississippi River. Conditions were generally favorable at the end of last fall and the beginning of winter, providing ample grassland forage in most areas and a good beginning to the winter wheat crop. Both native grassland pastures and harvested forage stocks are adequate to finish out the winter, thanks to a mild winter. However, as grasses come out of winter dormancy, they will need abundant spring rains to offset the extremely dry winter. While total cow slaughter through February was 1 percent below the same period in 2005, beef cow slaughter was up 5 percent and could increase even more if dry conditions continue beyond winter dormancy for grassland pastures. Cow slaughter is expected to average above last years cyclical low.

Wheat pasture is mostly gone, resulting in large numbers of feeder calves being placed in feedlots earlier than usual. Wheat will need abundant precipitation as it comes out of winter dormancy to produce a crop. Wheat pasture is history for this season as most cattle have already been pulled off. Spring precipitation could lead to some wheat being grazed out. Continued dry conditions this spring would adversely affect grassland pastures and consequently the demand for stocker cattle for grazing programs, which could result in more cattle being forced into feedlots and lower feeder cattle prices. Feeder cattle prices, while about even with last year's prices, are already responding to dry conditions, having declined to levels not seen since last summer. On the other hand, adequate precipitation this spring would be a positive factor for the cow-calf-yearling sector.

**Feedlots Face Pressure:** The February *Cattle on Feed* report indicated sharply higher January net placements—17 percent over January 2005 and 27 percent over January 2004. January 2006 feeder-calf placements in feedlots of 1,000-plus head capacity experienced increases over year-earlier levels for all weight categories except 600-to-699-pound cattle, and January 2006 placements of cattle over 700 pounds were also greater than placements in December 2005. These larger placements of feeder cattle, along with generally heavier placements for the last several months, will contribute to larger supplies of fed cattle throughout much of 2006, and will likely result in downward pressure on fed cattle prices throughout this period.

Marketings out of 1,000-plus head feedlots were up only 2 percent over both January 2005 and 2004, but feedlot marketings likely were not adequate to maintain current supplies as slaughter weights remained well above year-earlier levels. Feed stuff prices are virtually the same as year-earlier prices. However, feeder cattle prices remain well above a year earlier and interest rates continue to rise. Packer and retail price spreads widened through February from the December 2005 lows, but remain below the 2004 and 2005 averages. Downward price pressure is building as packers and retailers strive to increase price spreads, while feedlot inventories suggest slaughter levels need to rise for feedlots to remain current. The need to increase slaughter levels and thus beef production, particularly as weights remain near record levels, is adversely affecting fed cattle prices. Monthly fed cattle prices remained above a year earlier through February, but prices have declined to the mid-\$80s per hundredweight, well below January 2006's high of \$92.9 and last year's March record average of \$91.98. Cattle feeder margins are again turning negative.

**Wholesale-Retail Spreads Widen:** While packer and retail margins have widened as slaughter levels have again increased to the highest levels since last fall. Despite increased beef production, Choice boxed beef prices remained above a year earlier through February. However, larger beef supplies through summer, along with expected greater supplies of competing pork and poultry, are going to put even more pressure on beef prices.

In spite of the increased production and heavier weights, the percent of cattle graded Choice or better remains below the 5-year average, although the difference continues to narrow. The spread between Choice and Select boxed beef prices is currently averaging \$10 to \$12 per cwt, up from last year's \$4 and well above the 5-year average. Ordinarily, this spread reaches a low point about now, then "spikes" seasonally to a spring peak, reflecting relatively lower supplies of Choice cattle. This is followed by a summer low, reflecting the somewhat less discriminatory demand for grilling cuts, including hamburger, before again increasing into the fall.

Retail Choice beef prices in February 2006 remained fairly stable at \$4.06, slightly below the December/January average of nearly \$4.07. However, prices are below year-earlier averages and face increasing pressure from pork and poultry supplies. Retail prices for beef are relatively high compared with pork and poultry, reducing beef's attractiveness, especially as energy and interest costs have risen and consumers have less discretionary income to spend. In addition, ham, lamb, and turkey compete for the limelight during the religious holidays in mid-April this year.

**Milk Production Increase:** First-quarter milk production is forecast to increase just under 5 percent over 2005—2 percentage points over the 5-year average. The increase in production has been aided by an unusually mild winter, adequate forage/ hay supplies, and relatively inexpensive feed ration inputs. Higher fat tests and unseasonably heavy milk per cow have also been observed in 2006. These data may suggest an uncharacteristic bunching in the calving cycle that could result in a proportionally larger number of cows at peak lactation, contributing to the relatively larger-higher first-quarter production, while the higher fat tests boost milkfat supplies. Following surprisingly weak fourth-quarter commercial use, processors are now faced with larger-than usual milk supplies to handle in the first quarter.

On an annual basis, milk production is forecast to be slightly less than 3 percent over that of 2005. Producers appear to be maintaining their herd expansion push. Replacement prices have dropped into the low \$1800's, down from recent record levels, but are still historically high. The recent years of positive returns and the need to operate larger more capital-intensive dairy facilities near capacity, are additional factors behind the herd expansion. Dairy product use is expected to absorb most of the production increase, but commercial stocks likely will be above last year.

**Milk Prices Declining:** With the momentum that is already built into milk supplies and the uncertainty surrounding demand at current price levels, it is expected that the all-milk price will average \$12.75 to 13.35 per cwt, about \$2 per cwt below 2005. Product prices are likely to decline as large supplies of milk are expected to pressure prices despite a continuation of relatively strong demand.

## ONIONS

**NEW MEXICO:** Planted onion acreage for 2006 is 6,500 acres. This compares to 6,500 acres planted in 2005 and 7,300 acres planted in 2004. Nationally 171,100 acres were planted, an increase of 1,880 acres over the 2005 crop.

**Onions: Area Planted by Season, State, and United States, 2004-2006**

Season and State	2004	2005	2006
	-----Acres-----		
Spring Onions <sup>1/</sup>	39,900	40,000	40,200
Summer Onions Non-Storage <sup>1/</sup>			
CA <sup>2/</sup>	8,800	9,100	9,200
NV	3,400	2,400	2,400
<b>NM</b>	<b>7,300</b>	<b>6,500</b>	<b>6,500</b>
TX	2,900	1,000	1,000
WA	1,500	1,400	1,400
<b>Total Non-Storage</b>	<b>23,900</b>	<b>20,400</b>	<b>20,500</b>
Summer Storage	115,800	108,820	110,400
Total Summer	139,700	129,220	130,900
<b>U.S. Total Onions</b>	<b>179,600</b>	<b>169,220</b>	<b>171,100</b>

<sup>1/</sup> Primarily fresh market. <sup>2/</sup> Primarily dehydrated and other processing.